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## SYSTEMS THINKING, CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CREATING SHARED VALUE (CSV) FOR THE ENERGY INDUSTRY IN THE TWENTY FIRST CENTURY: PART I

*In this first article I look at what is meant by “radical engagement” with society, and also the relevance of Systems Thinking to CSR, and the energy industry.*

John Browne, former CEO of BP, estimates the risk for a company having the wrong relationship with society, of neglecting those aspects of their activity that go beyond narrowly legal requirements at about 30 per cent. He advocates a policy of “radical engagement” as the basis for how companies should engage with society, using four main principles:

- Businesses do well when they have a good understanding of the world around them, and of their place in the world;
- Businesses need to understand better how to communicate their total contribution to society – activities that make a social contribution should be construed as being part of a company’s central purpose;
- CSR and sustainability should be “part of the performance contract of a business and evaluated as such”;
- In an interconnected world it is important not to engage or communicate only when you have to. Business engagement with society should be radical, not grudging and episodic.

One of the issues that has changed in corporate policy making is the notion that profit should be an “outcome”, rather than the goal of commercial life.

The question of “purpose” and “meaning,” and the role of “value” are at the heart of Fritjof Capra’s systems approach. Capra’s work has been heavily influenced by the insights of quantum science, in particular the work of Werner Heisenberg, author of “Physics and Philosophy.” Interviewed about the influence of Heisenberg on his work, Capra said:

*“...the exploration of the atomic and subatomic world brought them in contact with a strange and unexpected reality. In their struggle to grasp this new reality, they became painfully aware that their basic concepts and language, indeed their whole way of thinking were inadequate to describe atomic phenomena. The problems were not merely intellectual, but amounted to an intense emotional, and one could even say, existential crisis. It took them a long to overcome this crisis, but in the end they were rewarded with deep insights into the nature of matter and its relation to the human mind.”*

Capra’s systems thinking originates in this intellectual crisis of the 1920s. Out of that crisis came the realization that there are no fundamental constituents of matter. Instead everything is a web of

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connection and interrelationship. Solutions to the world's current multiple crises cannot be isolated. They must be interconnected.

Capra says:

*"The problem of energy cannot be solved by finding cheaper sources of energy. If we had hydrogen fusion right now, or some new energy source that was cheap and safe, all our other problems would only get worse. If you fuel a system that is out of balance, you have just the same system but on steroids. We would damage the rainforests, deplete the ecosphere, pollute the air and increase health problems. In other words, the energy problem is also a health problem and a food problem and a water problem."*

John Browne believes that energy companies must engage radically with society. He believes that profit should be an outcome, rather than the goal of corporate decision making. The systems thinking of Frithjof Capra has much to say in relation to debate about meaning, and purpose. Furthermore, it advocates an approach to strategy that considers energy issues within a wider context than the industry itself.

*In my second article I will look at the connection between ecology and systems thinking, and why it is that systems thinkers believe that the illusion of perpetual growth is at the heart of the global crisis of affairs. I will examine the possibility that society needs to transform its understanding about growth from one that is quantitative to one that is qualitative.*

**By Mark Jenkins**

Prospect Law and Prospect Advisory provide a unique combination of legal and technical advisory services for clients involved in energy, infrastructure and natural resource projects in the UK and internationally.

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